

The Conference Board MANAGEMENT RECORD

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The Foreman and the Defense Program

MUCH has been written about the foreman—about his importance as a representative of men to management and of management to men, the exacting requirements of his job, and how much depends on the way he fulfils his responsibilities. In 1939, THE CONFERENCE BOARD tried to find out from foremen what they themselves thought about their own jobs. First-line supervisors in affiliated companies were invited to compete in a contest for the best statements in answer to the question, "What Can a Foreman Do to Build High Morale in His Department?" Nearly 2,000 men and women from all parts of the country and all kinds of industries contributed their ideas about the essentials of good foremanship.

The prize-winning essays¹ and the composite summaries of all the essays² have had, perhaps, the widest circulation of anything published by THE CONFERENCE BOARD. Foremen appeared to appreciate the ideas of their own group, while executives seemed to value the judgments of men to whom foremanship was a profession, not an abstract ideal or the function of a subordinate.

NEW RESPONSIBILITIES

Since 1939 new responsibilities have been thrust upon most supervisors. Some of these are well known; others have been assumed so gradually that their burden is not fully recognized by higher supervision.

Absorbing New Workers

Today, companies suddenly are required to add scores or hundreds or even thousands of new workers. Many of these men have never worked and are impatient of discipline. Some believe that the world owes them a living. Very few are skilled, experienced men. Yet all must be assimilated into the organization and developed into efficient, understanding employees, working together to produce economically a high-quality product for the benefit of all.

Upgrading

As production schedules and facilities expand, the existing forces of

craftsmen, set-up men, technicians, supervisors and other key men are likely to become stretched thin. It becomes

¹Conference Board Management Record, Vol. I, No. 6, June, 1939.

²Conference Board Management Record, Vol. I, No. 5, May, 1939; Vol. II, No. 2, February, 1940.

From THE LABOR DAY BROADCAST TO AMERICAN LABOR

*By Ernest Bevin, British Minister of Labour
and Leading Union Executive*

"British labour is alive to the issues involved and we have set about the task, together with your help, of beating Hitler on the production field. We have set aside our usual methods involving strikes and found ways of settling our differences. We are determined production shall not be interrupted. The establishment of better industrial relations has resulted in disputes being at their lowest and now, while I am speaking to you, there is not a dispute worth mentioning in Britain. Yet not only are the great trade unions intact but they are stronger than ever

"I put this challenge to my fellow workers the world over: Can you leave one section of the great working classes to fight this battle alone? You know in your hearts that your future also depends upon a victory over Naziism. It is acknowledged that victory depends upon overwhelming supplies of all forms of war material. Surely the working people will not allow any disunity in their own ranks to hinder final victory over this monster who would destroy them. There must, then, be united effort, mutual sacrifice and unremitting production if we are to share in victory and then join in the great task of world reconstruction."

necessary to break down jobs into their component parts, and assign new men to each. The skills and abilities of the working force must be continually reviewed and carefully investigated to make certain that the highest skills of every worker are being fully utilized. Through formal training and planned job progression, additional skills can be taught selected workers, enabling them to move up the job ladder.

Shortages of Materials and Equipment

Along with shortages in labor, management in many lines is faced with increasing shortages of material and equipment. Replacements for worn-out or obsolescent machines often are difficult to obtain, to say nothing of the practical impossibility of procuring new ones. Supplies of materials become limited, and substitutes must be found and adapted to new uses. At the same time, the pressure for increased production is intensified.

Safety

New men, unfamiliar with factory work, are likely to be careless and ignorant of the importance to themselves and their fellows of observing safety rules. Even experienced workers are likely to relax their usual precautions when working under pressure, frequently on a new operation with strange materials or equipment.

Maintenance of Morale

To say that the maintenance of good morale, long recognized as one of management's major problems, is more important in 1941 than ever before is to state a truism. Certainly, there is nothing more vital to the defense program than the effectiveness of American industry. No industrial concern can function at top capacity unless its employees are convinced that they are working for a purpose, that they are being fairly rewarded for their efforts and are being treated as individuals, and that their company is being run honestly and capably.

Management has a problem of the first magnitude in convincing many workers of these facts. It seems unfortunately to be true that some look on the defense program as, literally, a "golden" opportunity. Believing that their jobs will last a year or two at most, and unconvinced that the country is in danger, they have little incentive to give their best. They know that, for the present at least, there is a ready market for their labor elsewhere. In some instances, unscrupulous individuals are alert to discover latent complaints which may be turned into open grievances. At the same time, there often are uncertainties about the future, clashes between employees of different racial extractions, and in some cases lay-offs due to material shortages. These

the question:

"How Can a Foreman Meet the Challenge of All-Out Defense Production?"

ANY FOREMAN who has ideas should not hesitate to compete, whether he has had four weeks or forty years of experience. What is wanted is not a literary masterpiece, but a letter containing real, down-to-earth ideas and giving evidence of a sincere effort to work out practical principles of good foremanship.

Literary style is of minor importance. Letters submitted will be judged on the basis of honesty of expression and value of suggestions.

Among the points which might be considered are how, on his own job, a foreman can

Avoid production tie-ups, keep down accidents, reduce costs, settle grievances and maintain good feeling

Break in new workers, improve the skill and performance of older workers, stimulate team work

Work with other foremen and his superiors to increase production and create smooth operation and friendly feeling throughout the organization

These are suggestions only, none of which need be followed. Your own ideas are wanted, in your own words.

PRIZES

- \$100 awarded for the statement judged to be best
- \$75 awarded for the second best
- \$50 awarded for the third best
- \$25 awarded for the fourth best
- \$10 awarded for each of the five next best
- \$5 awarded for each of the ten next best

RULES

1. The contest is open to any foreman or other person who directly supervises rank-and-file workers in any company associated with the National Industrial Conference Board.
2. Write not over 1,000 words.
3. Give your name, title, department, company and home mailing address in the upper left-hand corner of the first page of your letter.
4. If you wish this information held confidential, please write the word "Confidential" at the upper right corner of your entry, opposite your name and address.
5. All letters become the property of The Conference Board.
6. The decision of the judges will be final.
7. Contest will close November 16, 1941.

JUDGES

- R. O. FLANSBURG
Belle City Malleable Iron Company,
Racine, Wisconsin.
(First prize winner in former contest)
- R. S. THATCHER
Superintendent, S. L. Allen and Company, Inc., Philadelphia, Pennsylvania.
(Second prize winner in former contest)
- J. M. CONNOLLY
Congoleum-Nairn, Inc., Marcus Hook, Pennsylvania.
(Third prize winner in former contest)
- WILLIAM CONOVER
Training-Within-Industry, Office of Production Management, Washington, D. C.
- THOMAS G. SPATES
Director of Industrial Relations, General Foods Corporation, New York City.
- JEROME H. T. KIDDER
Management Research Division, The Conference Board.

Send all entries to the

MANAGEMENT RESEARCH DIVISION
NATIONAL INDUSTRIAL CONFERENCE BOARD, INC.
247 Park Avenue New York

are in addition to normal, peacetime sources of discontent.

* * *

Business executives are giving much thought to these problems, and are constantly on the look-out for helpful suggestions and guidance. It seems quite likely that one very natural source of ideas has not been adequately explored up to now, however. Those men and women who directly supervise the work of rank-and-file employees should be better able than anyone else to sense the workers' thoughts, their views, their needs, and their reactions to management policy. They should be able to evaluate steps already taken by management, and to suggest future problems and their solutions.

It is possible that every foreman already has given to management the benefit of his conclusions regarding today's problems. It is more likely that, for various reasons, he has not. He may have no channel through which he can relay his ideas. He may hesitate through fear of rubbing some executive the wrong way, or he may never have had the incentive to sit down and organize his thoughts. It seems likely, to judge from past experience, that many foremen will speak freely to an outside organization, especially if there is the chance to win an award for their ideas.

FOREMAN ESSAY CONTEST

To try to bring out the best in foreman thinking for the benefit of business executives generally, THE CON-

FERENCE BOARD is sponsoring a prize-essay contest for foremen or other persons who directly supervise rank-and-file workers in any associated company. Nineteen prizes, totaling \$350, are offered, for the best answers to the question, "How Can a Foreman Meet the Challenge of All-Out Defense Production?" Three of the six judges are the first three prize winners of the 1939 Conference Board foreman essay contest.

A facsimile of part of the announcement of this contest is shown opposite. It has been prepared as a mailing piece in the hope that companies will obtain a sufficient number to mail or distribute one to each of their foremen. THE CONFERENCE BOARD will be glad to furnish each associated company as many copies of the announcement as may be needed. Inquiries should be addressed to the Management Research Division.

Every company that encourages its foremen to compete will help to secure a large participation in the contest, which is highly desirable if the results are to present a true picture of the judgment of American foremen. Companies whose foremen do participate should benefit directly thereby, because the very act of thinking the problem through and setting down his own thoughts will lead each foreman unconsciously to check his own performance against the ideal behavior that he is outlining.

JEROME H. T. KIDDER
Management Research Division

Military Service Policies—1941

THE SELECTIVE SERVICE ACT was amended on August 18, 1941, to permit the President to extend the period of military service for an additional eighteen months, if this action should be deemed necessary in the interest of national defense. The company policies relating to military absences were based upon a training period of one year, contrasted to a maximum period of thirty months possible under the amended act. THE CONFERENCE BOARD has made inquiries of a hundred companies known to have formal military service policies to discover what changes, if any, have been made in these policies to bring them in line with the amended law. To date sixty-three replies have been received.

So far, the majority of the concerns replying (52%) have not definitely decided what should be done about their policies, while a fifth (22%) were extending their policies unchanged for the additional eighteen months. Approximately a quarter of the plans had been revised in some way to take the amendment into consideration.

These amended plans provide for an extended leave of absence, in most cases to the maximum of thirty

months. Several companies which had previously provided for the payment of very liberal allowances found that their cost was higher than had been anticipated and, consequently, reduced the number of months for which the employees received supplementary pay. One company, however, provided for the continuance of its monthly allowance to service men for the entire period.

Previously it had been the prevailing practice to continue the group life policy for the draftees at the company's expense. Most of the companies that have announced their revised policies are continuing this policy, but only in the event that the United States does not enter the war. A number of these concerns are continuing the insurance protection on a month-to-month basis or for a definite period, such as six months or one year beyond the original period.

The National Service Life Insurance is available to service men at a low rate and possesses several advantages over group insurance, including waiver of premiums in the event of total disability. Because of this fact, and because the company cannot guarantee to

carry group life insurance indefinitely, especially in the event of war, a number of companies are urging their employees in service to purchase the government insurance now when they are given the opportunity. One company is discontinuing group life insurance for the draftees and is giving the amount of the insurance premium to the employee to purchase the government insurance. Another company pays the premium only until the draftee can obtain this insurance.

These data are given as an indication of company policy in meeting a new situation. It is urged that subscribing Associates send their revised military service policy to the Management Research Division of THE CONFERENCE BOARD as soon as it is formulated, in order that an article based on a larger sampling may be prepared.

F. BEATRICE BROWER
Management Research Division

Recent Wage and Salary Policy

FOR MORE than a year the United States has been changing its peacetime industry to a war footing. A similar transformation occurred in the early years of the first World War. There is a tendency, therefore, to expect a repetition of the history of wage and salary changes that occurred at that time. It seems probable that there will be some similarity, but it is doubtful whether the exact pattern of events will be repeated, because of changes in conditions and in the extent of government control over economic life.

When the first World War began, wages were low, purchasing power was depressed, working hours were long, only a small proportion of workers was organized, and the government had not conceived it as its responsibility or right to control wages or prices or to promote the organization of workers into labor unions. Now all these conditions seem to be reversed so that, while basic economic laws continue to operate, their effect is modified. But acquisitiveness is no less a human trait today than it was twenty-five years ago, and a period of rising industrial activity still stimulates the belief that higher rates of compensation should be paid.

General upward movements of wages and salaries usually start slowly and acquire momentum as the period progresses. The first year of American defense effort followed this general pattern, with only small increases in wages, if any, granted as union contracts came up for renewal. In the spring of 1941 this situation changed abruptly when substantial wage increases became common, sometimes on almost an industry-wide scale. The rising wages from already high levels drew attention to salaries and in many cases salary scales were reviewed and at least those in the lower brackets were revised upward to balance the wage increases.

RESULTS OF CONFERENCE BOARD SURVEY

To discover whether blanket increases in wages and salaries since April 1 had been granted rather generally,

THE CONFERENCE BOARD asked a representative group of industrial companies what policies they had followed. Data were received from 316 companies, ranging in size from small establishments to some of the country's leading corporations. The results of this survey are summarized in the tables that follow.

More than three-quarters of the companies had granted general wage increases since April 1. The most common amounts of increase were 5 cents and 10 cents or 5% and 10%.

The situation regarding salaries was more complicated. A general salary increase was reported by 56 companies. Forty-two other companies had granted general salary increases to employees earning less than specified amounts, these amounts ranging from \$1,200 to \$7,000 per year. Then there were 36 companies which had granted graduated salary increases with the amount varying according to salary brackets. For example, in one company those receiving less than \$110 per month were increased \$10, those with salaries from \$111 to \$200, \$15 a month, and those with salaries from \$201 to \$300, \$25 a month. In another company salaries under \$101 were raised 10%, those from \$101 to \$200, 7½% and those from \$201 to \$300, 5%. It was found that practically no two plans were identical in all respects and, therefore, it was impossible to show the specifications of these plans in detail.

Thirteen companies adjust wages automatically according to changes in the cost-of-living index number and in four companies salaries also are subject to this automatic adjustment.

GENERAL WAGE INCREASES, APRIL 1, 1941-AUGUST 1, 1941

	Number of Companies
Number of companies reporting.....	316
No general increase granted since April 1, 1941.....	65
No general increase but many individual rate adjustments	6
General increase about to be granted.....	1
General increase granted but amount not given.....	2

GENERAL WAGE INCREASES (Continued)

	Number of Companies
General increase granted since April 1, 1941, in terms of cents per hour.....	125
3¢ or less.....	7
5¢.....	46
6.0¢ to 6.9¢.....	10
7.0¢ to 7.9¢.....	8
8.0¢ to 8.9¢.....	11
10¢.....	27
Amount varies by sex, job, or wage rate. Range—2¢ to 15¢.....	16
General increase granted since April 1, 1941, in terms of per cent.....	117
3%.....	1
3.1% to 4.9%.....	3
5%.....	32
5.1% to 7.5%.....	12
7.6% to 9.9%.....	17
10%.....	32
10.1% to 12.5%.....	5
12.6% to 15%.....	4
Per cent varies by sex, job or wage rate. Range—2.5% to 20%.....	11

GENERAL SALARY INCREASES, APRIL 1, 1941–AUGUST 1, 1941

No general salary increase granted since April 1, 1941....	95
No general salary increase granted since April 1, 1941, but Such an increase granted prior to April 1.....	5
Salaries reviewed only at stated intervals.....	3
Profit sharing or production bonus in lieu of flat increase. Many individual salaries adjusted.....	5
General increase being planned.....	32
Adjustments made to bring salaries into line with hourly rate increases.....	2
General salary increase granted since April 1, 1941, amounting to.....	57
\$2.00 per week.....	3
\$2.50 per week.....	2
\$4.50 per week.....	3
\$10.00 per month.....	2
\$15.00 per month (western plants \$10).....	1
5%.....	7
5.1% to 7.5%.....	4
7.6% to 9.9%.....	3
10%.....	26
11%.....	2
12%.....	1
13%.....	1
Varying.....	2
General salary increase restricted to certain brackets....	44
Only salaries below \$1,200 per year.....	3
\$5 per week.....	1
5% to 10%.....	1
8%.....	1
Only salaries below \$1,400 per year.....	1
10%.....	1
Only salaries below \$2,100 per year.....	3
5%.....	2
7%.....	1

GENERAL SALARY INCREASES (Continued)

	Number of Companies
Only salaries below \$2,500 per year.....	12
\$5 to \$10 per month.....	2
\$17 per month.....	1
\$18 per month.....	1
5%.....	1
6%.....	1
7%.....	2
10%.....	3
Not to exceed 10%.....	1
Only salaries below \$3,000 per year.....	10
\$8 to \$10 per month.....	1
\$15 per month.....	2
\$16 per month.....	1
5%.....	3
7.5%.....	2
10%.....	1
Only salaries below \$3,600 per year.....	6
\$10 per month.....	1
\$11 per month.....	1
\$15 per month.....	1
5%.....	1
10%.....	2
Only salaries below \$4,000 per year.....	2
\$17 per month.....	1
10%.....	1
Only salaries below \$4,200 per year.....	1
\$15 per month.....	1
Only salaries below \$4,800 per year.....	1
6%.....	1
Only salaries below \$5,000 per year.....	1
\$4 per week.....	1
Only salaries below \$6,000 per year.....	1
\$18 per month.....	1
Only salaries below \$6,600 per year.....	1
5%.....	1
Only salaries below \$7,000 per year.....	2
5%.....	2
Salary increases granted—amount varying by salary groups.....	37

COMPENSATION AUTOMATICALLY ADJUSTED ACCORDING TO CHANGES IN COST-OF-LIVING INDEX

Wages related directly to cost-of-living index.....	13
Salaries related directly to cost-of-living index.....	4
Amount of change in cost-of-living index requiring compensation adjustment.....	
1 point.....	2
2 points.....	1
3 points.....	3
5 points.....	5
10 points.....	1
Amount not given.....	1
Company or union may raise wage question if index changes.....	
3 points.....	1
5 points.....	3

HAROLD F. BROWNE
Management Research Division

Wage-Increase Announcements, August 1 to August 31

Source: Daily Press and Various Periodicals

Company	Location	Amount of Increase	Number Affected	Remarks
Actor's Equity Association.....	.....	\$5/wk.	....	To chorus girls. Effective Nov. 1. New minimum wage of Chorus Equity members appearing on Broadway will be \$40/wk. and when employed on the road, \$45/wk.
Aluminum Company of America.....	Los Angeles, Calif.	9¢/hr.	2,100	Retroactive to July 29. Beginners' wage raised from 63¢/hr. to 72¢
American Car and Foundry Company.....	Danville, Pa.	5¢/hr.	....	To straight-time workers
American Car and Foundry Company.....	Huntington, W. Va.	12½¢/hr. 10%	900	To pieceworkers
American Crystal Sugar Company.....	Rocky Ford, Colo.	5¢ to 10¢/hr.	....	Beet sugar refinery workers
American Locomotive Company.....	Schenectady, N. Y.	8¢/hr.	....	To dayworkers. Supplements similar increase 6 months ago
American Rock Wool Corporation.....	South Plainfield, N. J.	5¢ to 10¢/hr.	....
American Stove Company.....	Cicero, Ill.	8¢ to 10¢/hr.	590	Includes provision for 2¢/hr. automatic wage increase effective at each 5-point rise in the cost of living
American Viscose Corporation.....	Front Royal, Va.	2¢ to 4¢/hr.	1,100	Additional increase of 2¢ to 4¢/hr. effective 2/1/42
American Woolen Company.....	10 New England Plants: Lawrence (2 plants), Maynard, Webster and Plymouth, Mass.; Norwich, Conn.; Pittsfield and Skowhegan, Me.; Dover, N. H.; Providence, R. I.	7¢/hr.	25,500	Raises minimum to 47¢/hr.
AnSCO Rug Company.....	Amsterdam, N. Y.	5¢/hr.	....	To all employees
Armour and Company.....	15 Plants: Kansas City and St. Joseph, Mo.; South St. Paul, Minn.; East St. Louis, Ill.; Indianapolis, Ind.; Milwaukee, Wis.; Birmingham, Ala.; Sioux City and Mason City, Iowa; Los Angeles, Calif.; Denver, Colo.; Fargo, N. D.; Omaha, Neb.; Chicago, Ill. (2 plants)	10¢/hr.	20,000	Includes the 8% increase of April 21. Minimum of 72½¢/hr. for men at Chicago plants
Associated General Contractors.....	Tulsa, Okla.	10¢/hr.	....	To common laborers. Increases wage scale for common labor from 50-70¢/hr. up to 60-80¢
Atlas Powder Company.....	Stamford, Conn.	7¢/hr.	300	
Bigelow-Sanford Carpet Company.....	Amsterdam, N. Y. and Thompsonville, Conn.	3½¢/hr.	6,000	This together with previous increase brings total wage increase during past 10 months up to 12%
Boeing Aircraft Company.....	Seattle, Wash.	8¢-15½¢/hr.	10,500	To all men employed at least 3 months. Retroactive to July 1
Boise-Payette Lumber Company.....	Weiser, Idaho	5¢/hr.	1,000	
Boston Elevated Railway.....	Boston, Mass.	5¢/hr.	3,600	To motormen. Raises maximum to 93¢/hr.
Botany Worsted Mills.....	Passaic, N. J.	5%	6,500	
Brown Instrument Company.....	Philadelphia, Pa.	8¢/hr.	500	Additional increase of 3¢/hr. effective Feb., 1942. Question to be reopened if cost of living rises five points
Buffalo Artistic Upholstering Company.....	Buffalo, N. Y.	7%	190	
Buffalo Niagara Electric Company.....	Buffalo, N. Y.	Approx. 10%	....	To linemen. Raises pay for first-class lineman to \$48.80/wk.
Campbell Soup Company.....	Camden, N. J.	12½%	8,000	
J. I. Case Company.....	Rock Island, Ill.	5¢/hr.	700	To production employees. Supplements a similar increase of April 21
Celotex Corporation.....	Metuchen, N. J.	10¢/hr.	250	
Cities Service Refining Company.....	East Chicago, Ind.	10¢/hr.	450	Effective Sept. 1
Cleveland Hardware and Forging Company...	Cleveland, Ohio	5%	350	Retroactive to July 14. Affects piecework and daywork employees
Columbian Rope Company.....	Auburn, N. Y.	8%	1,200	Supplements May increase
The Cosco Oil Company.....	Tulsa, Okla.	15%	....	To all hourly employees
Cudahy Packing Company.....	11 Midwest plants	5¢/hr. 6¢/hr.	10,000	To all men and skilled women
Davis Company.....	Memphis, Tenn.	10¢-17½¢/hr.	75	All unskilled women
				Effective Sept. 15

WAGE-INCREASE ANNOUNCEMENTS, AUGUST 1 TO AUGUST 31—Continued

Company	Location	Amount of Increase	Number Affected	Remarks
Diamond Alkali Company.....	Fairport Harbor, Ohio	8¢/hr.	1,700	Retroactive to May 20. Raises minimum rate to 70¢/hr.
Douglas Aircraft Company.....	Santa Monica, Calif.	7½¢/hr.	23,000	To employees of less than 3 months service. Minimum wage for beginners raised to 60¢/hr. Retroactive to July 3. Additional increase of 5¢/hr. each month for beginners until 75¢ is reached
Dow Chemical Company.....	Bay City, Mich.	10¢/hr.	1,050	
East Alton Manufacturing Corporation.....	East Alton, Ill.	5%	....	Retroactive to July 13
Edna Brass Manufacturing Company.....	Cincinnati, Ohio	12¢/hr.	....	To hourly paid workers
Electro Dynamic Works Division of Electric Boat Company.....	Bayonne, N. J.	7¢/hr.	500	
Erie Corrugated Box Company.....	Erie, Pa.	15%	250	
John R. Evans Company.....	Camden, N. J.	7½¢/hr.	800	
Farnsworth Radio and Television Company....	Fort Wayne, Ind.	7¢/hr.	....
Firestone Tire and Rubber Company.....	Memphis, Tenn.	10%	2,800	Represents an increase of from 4 to 9¢/hr.
Firth Carpet Company.....	Firthcliffe and Newburgh, N. Y.	6%	2,000	
Stanley G. Flagg Company.....	Pottstown, Pa.	2½%	150	
Fleetwings, Inc.....	Bristol, Pa.	5%	950	Readjustment to remove inequalities. Supplements previous 5% increase in April
Florsheim Shoe Company.....	Chicago, Ill.	5¢/hr.	1,500	To all hourly rated workers with at least 3 months continuous service
Gardner Electric Company.....	Emeryville, Calif.	5%	2,000	Supplements previous increase about 3 months ago
General Steel Castings Corporation (Commonwealth Division).....	Granite City, Mo.	12½¢/hr.	....	Retroactive to August 1
Globe Worsted Mills.....	Utica, N. Y.	10¢/hr.	3,000	Minimum wage raised to 66¢/hr. Retroactive to July 27
Gordon Baking Company.....	Detroit, Mich.	7¢/hr.	725	
Gulf Refining Corporation.....	Port Arthur, Texas	7½-12½¢/hr.	500	
Houston Packing Company.....	Houston, Texas	10%	....
Humble Oil and Refining and Humble Pipe Line Companies.....	Houston and Baytown, Texas	5¢/hr.	....
Irving Air Chute Company.....	Buffalo, N. Y.	25 to 30%	13,000	To hourly and salaried workers
K & G Dress Company.....	Fall River, Mass.	5%	200	Basic pay for skilled men 65¢/hr. For skilled women 50¢/hr.
Koppers Company.....	Newark, N. J.	\$2/wk.	600	
La Crosse Boiler Company.....	La Crosse, Wis.	10¢/hr.	....
Mack Manufacturing Company.....	Allentown, Pa.	5% to 10%	....
Marlin-Rockwell Corporation—Standard Steel Plant.....	Plainville, Conn.	6¢/hr.	4,700	Raises minimum from 64¢/hr. up to 70¢
McAdoo Sportswear Company.....	Hazelton, Pa.	5¢/hr.	1,100	Night shift workers and women employees Effective Sept. 1
John Morrell and Company.....	Ottumwa, Iowa; Sioux Falls, S. D.; and Topeka, Kan.	10% 5¢/hr. 6¢/hr.	125 3,000	To hourly rated men To hourly rated women
National Association of Manufacturers of Pressed and Blown Glassware.....	Anderson, Ind.	5¢ to 7¢/hr.	18,000	Beginners' rates: men, 48¢; women, 36¢.
Nicholson File Company.....	Anderson, Ind.	6¢ to 17¢/hr.	570	Increase at end of 30 days to 65¢ for men and 48¢ for women
Ontario Knife Company.....	Franklinville, N. Y.	10%	160	
Owens-Illinois Glass Company.....	Virginia and W. Virginia	6%	3,500	Retroactive to July 23
Pacific Mills.....	Lawrence, Mass.	10%	10,000	
Pennsylvania Transformer Company.....	Pittsburgh, Pa.	10¢/hr.	320	Minimum raised from 57¢ to 67¢/hr. Probationary employees (first 3 months) raised to 60¢/hr.
Philadelphia Association of Linen Suppliers....	Philadelphia, Pa.	5¢/hr.	....
Philadelphia Waste Paper Association.....	Philadelphia, Pa.	\$4/wk.	1,200	To warehouse workers
Pierce Butler Radiator Corporation.....	Huntingdon, Pa.	10¢/hr.	....	To straight-time workers
Plankinton Packing Company.....	Milwaukee, Wis.	14%	....	To tonnage and pieceworkers
Pressed Steel Car Company.....	McKees Rocks, Pa.	5¢ to 6¢/hr. 3¢/hr. 2¢/hr.	1,200 2,500	To pieceworkers To straight-time workers
Pure Oil Company.....	.....	\$7.50/mo.	100	To men on 3 tankers operating between Texas and North Atlantic ports. Retroactive to April
Quaker State Refining Corporation.....	Bradford, Pa.	5¢/hr.	200	Farmers Valley Refinery employees. Raises beginners' rate to 63¢/hr. with an increase of 10¢/hr. after 9 months

WAGE-INCREASE ANNOUNCEMENTS, AUGUST 1 TO AUGUST 31—Continued

Company	Location	Amount of Increase	Number Affected	Remarks
Railway Express Agency.....	New York City	8.16%	3,300	
Riverton Lime and Stone Company.....	Metropolitan Area	3¢/hr.	200	
Royal Garment Company.....	Riverton, Va.	2½ to 5¢/hr.	100	
San Joaquin Valley Grape Growers.....	Fall River, Mass.	33⅓%	....	Raises minimum wage to 40¢/hr. To grape pickers. Raises minimum on Muscats to 2½¢ per tray and on Thompsons to 2¢ per tray
Spencer Kellogg Linseed Oil Company.....	California	12¢/hr.	....
Spring Products Corporation.....	Edgewater, N. J.	10%	500	
Stacy Machine Works.....	Long Island City, N. Y.; Everett, Mass.; Baltimore, Md.	10¢/hr.	....	Minimum beginning wage for experienced production men set at 70¢/hr.; learners and beginners, 50¢/hr.
Surpass Leather Company.....	Springfield, Mass.	7½-12½¢/hr.	800	
Swift and Company.....	Philadelphia, Pa.	5¢/hr.	26,000	Includes 5,000 employees in Chicago
Swift River Woolen Company.....	44 Plants	7¢/hr.	....
Tampa Shipbuilding and Engineering Company.....	Stafford, Conn. and Westerly, R. I.	10%	2,200	Retroactive to April 25
Tennessee Coal, Iron and Railroad Company.....	Tampa, Fla.	11¢/hr. avg.	700	To electrical workers. Previous top rate of \$1.17/hr. remains unchanged
Tennessee Products Corporation.....	Birmingham, Ala.	5¢/hr.	279	Retroactive to July 16. Supplements 5½¢/hr. increase in March
Texas Corporation.....	Lyle, Tenn.	10%	....
Todd-Galveston Dry Docks, Inc.....	Port Arthur, Texas	10¢/hr.	2,000	To mechanics
Tri-State Lumbermen's Association.....	Galveston, Texas	9¢/hr.	....	To helpers
Trumbull Electric Manufacturing Company.....	Pa., W. Va. and Md.	4¢/hr.	....	To laborers
Utica Knitting Company.....	Plainville, Conn.	30%	500	Raises laborers' wages to 54¢/hr. Affects several thousand drivers who haul timber to coal mines
Vultee Aircraft, Inc.....	Downey, Calif.	5¢/hr.	3,500	To all day work, piece work and office employees. Effective Sept. 1
Walgreen Company.....	Chicago, Ill.	7½¢/hr.	400	Effective in two instalments; 3¢/hr. on Sept. 2 and 2¢/hr. on Nov. 17. Supplements previous increase of 7% in March
Walworth Company.....	Kewanee, Ill.	7½¢/hr.	....	To employees of less than 3 months' service. Minimum wage for beginners raised to 60¢/hr. Retroactive to July 1
Ward Baking Company.....	South Bend, Ind.	10¢/hr.	....	Additional increase of 5¢/hr. each month for beginners until 75¢/hr. is reached
Washington Cooperative Egg and Poultry Association.....	Washington	5¢/hr.	900	To employees in warehouse, commissary and sign departments
Whitehead Brothers Rubber Company.....	Trenton, N. J.	10%	300	
Wilson and Company.....	7 plants in Midwest	5¢/hr.	15,000	Covers entire state
The Wood Mosaic Company.....	Louisville, Ky.	5¢/hr.	400	Increase in the form of U. S. Defense Stamps and Bonds
Ypsilanti Reed Furniture Company.....	Ypsilanti, Mich.	5¢ to 15¢/hr.	450	To all hourly employees. Minimum of 72½¢/hr. for men at Chicago plant
15 Hotels.....	Minneapolis, Minn.	10% avg.	1,500	To all employees having at least 2 months' service
Copper Mines.....	Arizona	50¢/day	10,000	Increases range from 5% to 33% and are retroactive to June 1
City Street Employees.....	Gary, Ind.	10¢/hr.	120	To copper miners and smelter workers
11 Flour Mills.....	Seattle, Tacoma and Spokane, Wash.; Portland, Ore.	7½¢/hr.	1,000	Retroactive to July 1. Further increase of 2½¢/hr. effective Jan. 1, 1942
33 Sportswear and Dress Shops.....	Los Angeles, Calif.	15%	3,500	
9 Provision Companies.....	Cleveland, Ohio	7½¢/hr.	1,000	To men } Meat Cutters and Butchers Union
10 Woolen and Worsted Mills.....	Lowell, Mass.	5¢/hr.	6,245	To women }
35 Textile Mills.....	Woonsocket, R. I.	10%	10,000	To workers in French spinning and weaving system and in wool spinning and dyeing plants
35 Full-fashioned Hosiery Mills.....	Philadelphia, Pa.	7¢/hr.	30,000	To workers on Bradford system
		10%		Increases involve an annual payroll boost of about \$6,500,000
		10% to 18%		

Wage-Hour Ruling on Profit Sharing

GENERAL PHILIP B. FLEMING, Administrator of the Wage and Hour Division, United States Department of Labor, has stated the official ruling of his division on the relation of profit-sharing bonus payments to an employee's "regular rate" in Bulletin R-1548, released September 2. This ruling may be of considerable significance to companies having formal profit-sharing plans and possibly, in some cases, to companies having informal profit-sharing arrangements. Following are important excerpts relating to profit sharing taken from the bulletin.

Bonuses that are based on a fixed percentage of the profits of the employer or of his gross or net income will be considered a part of the regular rate. There are many variations and refinements of plans within this category. For example, the amount of the payment may vary according to the length of service of the employee, his production or compensation; the earnings, production or compensation of the group of employees with which he works; the sales or net or gross income of the employer; or it may be contingent upon his continuing in the employ of the employer until the time the payment is to be made.

Calculation of the bonus may necessarily be deferred over a period of time longer than a work week. In such case the employer may disregard the bonus in computing the regular rate until such time as the amount of the bonus can be ascertained. When it can be ascertained, it must be apportioned back over the work weeks of the period during which it may be said to have been earned. The employee must then receive an additional amount of compensation for each week that he worked overtime during the period. If necessary for ease in calculation, it may be assumed that the employee earned an equal amount of (profit-sharing) bonus each hour of the pay period.

Where it can be conclusively demonstrated that a particular payment is a gift or gratuity, it need not be included in computations of the regular rate of pay. In this respect, it should be noted that, if the employee has a right by contract, express or implied, to a payment, it cannot be considered a gift. In bonus plans that would be considered to be the gift or gratuity type, the payment and the amount of the bonus are solely in the discretion of the employer. The sum, if any, is determined by him. This type of bonus is illustrated by the employer who pays his employees a share of the profits of his business

or a lump sum at Christmas time without having previously promised, agreed or arranged to pay such a bonus.

Previous interpretations received by **THE CONFERENCE BOARD** from the Wage-Hour Administration relating to profit-sharing payments may aid in a better understanding of the above ruling. A letter written by the Opinions Attorney of the New York Regional Office of the Wage and Hour Division to **THE CONFERENCE BOARD** in February, 1941, contained the following statement:

In any case where employees may be construed to have a contract right to percentage distribution of net profits, it is our opinion that in effect the amounts so distributed constitute deferred compensation and should be included in determining the regular rate of pay.

Even in the case of profit-sharing bonus given in the sole discretion of the employer, with no legal right of anticipation arising from either expressed or implied contract, we believe a word of caution should be injected regarding the part which continued use of a particular plan over a period of time may play in vesting in employees an implied contract right of expectancy.

A letter received later from the Assistant Solicitor in Charge of Opinions and Review, United States Department of Labor, confirmed the regional office statement and added the following interpretation:

The test is not whether a payment is a production bonus, but rather whether it is compensation for services rendered. The Wage and Hour Division has adopted the position that the regular rate of pay should be computed from the employee's total compensation for services rendered during a work week.

Bulletin R-1548, issued by General Fleming, includes the following statement regarding the enforcement policy of the Wage and Hour Division:

Like other interpretations of the Division, this statement indicates the construction of the Act which will guide the Division in its administration and enforcement unless directed otherwise by the authoritative rulings of the courts.

E. S. HORNING
Management Research Division

Chronology of Events Affecting Labor Relations, August 11 to September 10

August

- 11 *Pan American Labor Unity Encouraged*—AFL Executive Council announces plan to revive Pan American Federation of Labor, inactive for eight years, as a cohesive labor body for the Western Hemisphere.
- 12 *Eight-Hour Day Suspended on Vital Defense Work*—Executive order issued by President suspending eight-hour

August

- provisions for nearly 100,000 workers employed directly by War Department in construction work on vital defense projects. Reason given was necessity for completing all military projects at the earliest possible date.
- 13 *UAW Bars Reds*—After two hours' turbulent debate, UAW-CIO Convention adopts strong declaration
(Continued on page 116)

A Glance at Labor Statistics

Average hourly earnings of all wage earners in twenty-five manufacturing industries increased from 81.8¢ in June to 82.2¢ in July, 1941. In July, 1940, the corresponding figure was 74.0¢, indicating an 11.1% advance in 12 months.

Average weekly earnings of all wage earners declined from \$34.26 in June to \$33.70 in July, an increase of 19.7% over the figure of \$28.55 for June, 1940.

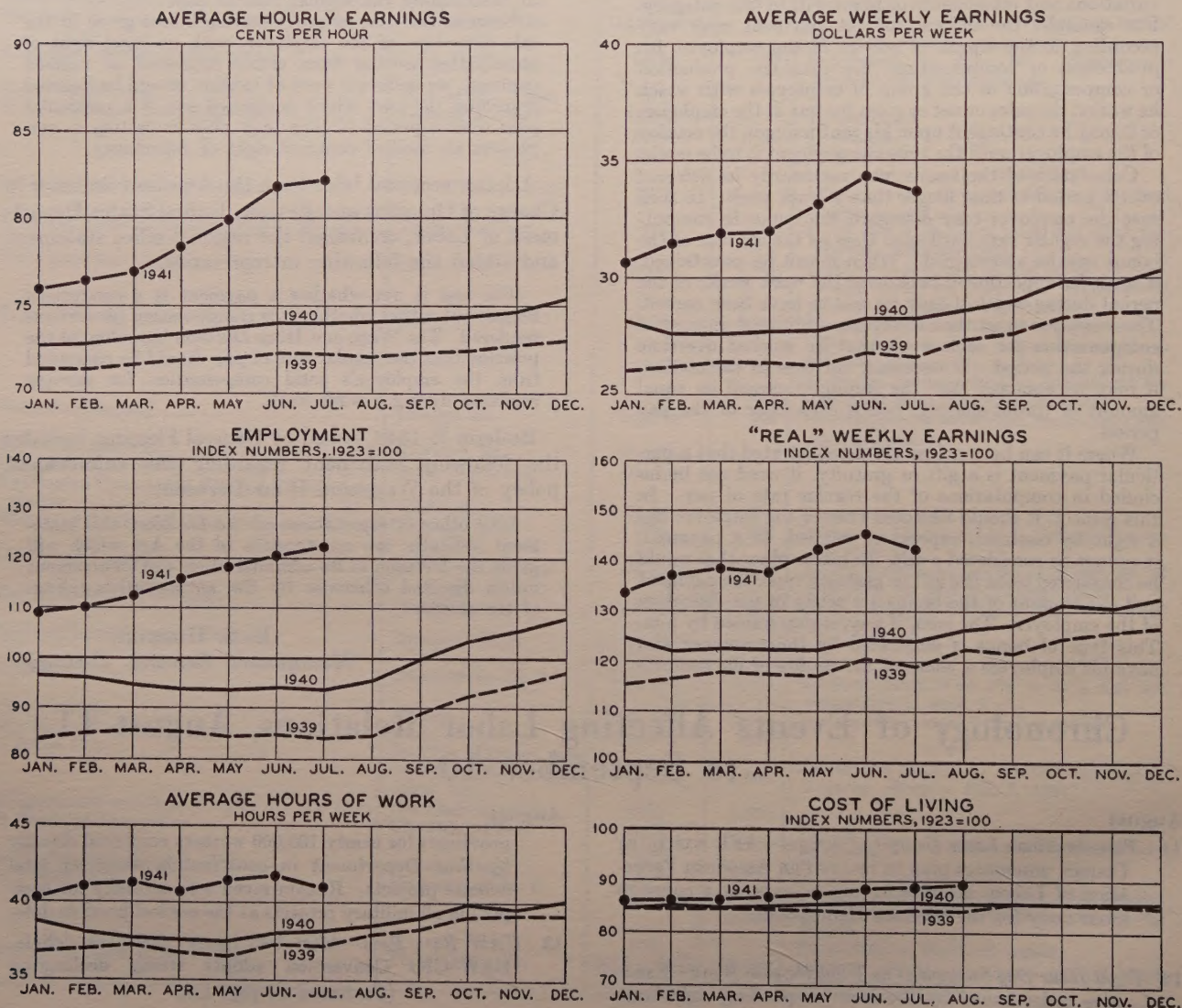
Employment rose from an index of 120.7 in June to 122.3 in July. This constitutes an increase of 30.2% in employment since June, 1940.

Average hours of work per week declined from 41.7 in June to 41.0 in July, as compared with 38.1 in June, 1940.

The cost of living rose from 88.9 in July to 89.4 in August, an increase of 4.7% since August, 1940.

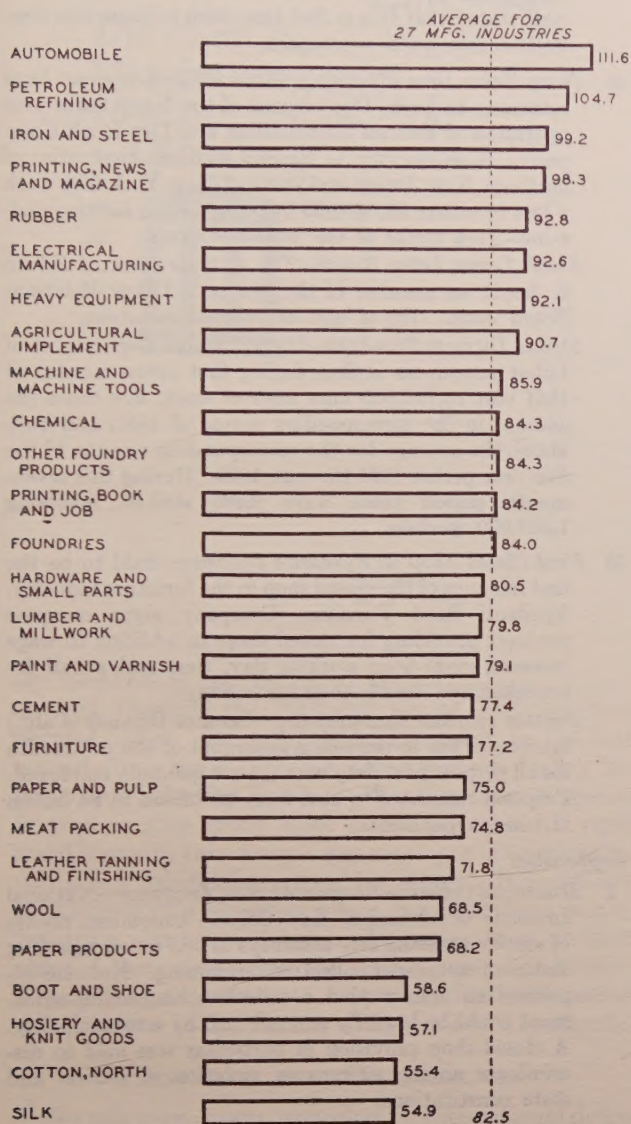
LABOR TRENDS IN TWENTY-FIVE MANUFACTURING INDUSTRIES AND THE COST OF LIVING

Source: THE CONFERENCE BOARD



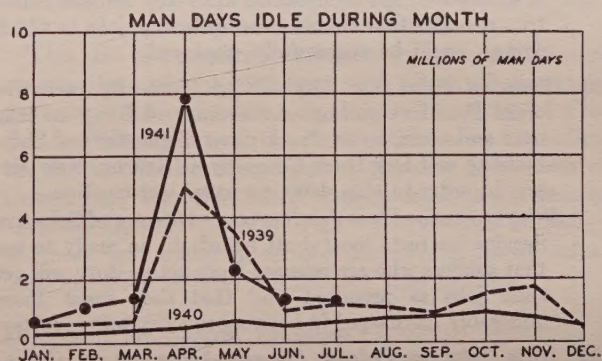
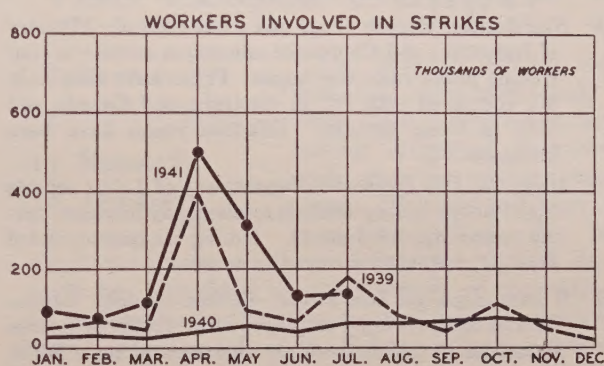
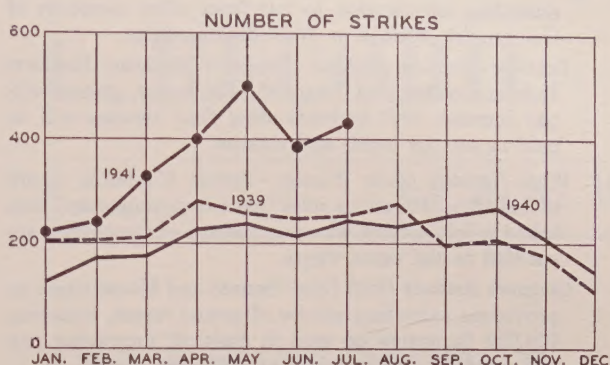
AVERAGE HOURLY EARNINGS IN CENTS, TWENTY-SEVEN MANUFACTURING INDUSTRIES, JULY, 1941

Source: THE CONFERENCE BOARD



INDUSTRIAL DISPUTES

Source: United States Bureau of Labor Statistics



A Glance at Labor Statistics (Continued from page 114)

The purchasing power of the dollar on the basis of the cost of living stood at \$1.119 in August, 1941, as compared with \$1.00 in 1923.

Real weekly wages, or the purchasing power of money wages, declined from 145.4 in June to 142.4 in July.

United States Department of Labor figures indicate

that there were five times as many strikes during the first seven months of 1941 as during the corresponding period in 1940. The 2,505 strikes starting during the first seven months of 1941 involved 1,327,000 workers and resulted in a loss of 15,750,000 man days of work. Beginning with a low of 220 strikes in January, the numbers for the succeeding months, including July, were 240, 230, 400, 500, 385 and 430. Man days lost per month in 1941 ran consistently higher than in 1940.

Chronology of Events Affecting Labor Relations (Continued from page 113)

August

amending constitution to bar from office members of Communist, Fascist or Nazi organizations.

Increase Paid in Defense Bonds—Whitehead Brothers Rubber Company of Trenton, New Jersey, grants 10% pay increase with understanding that increase will be paid in savings bonds and stamps.

- 14 *Wage Equality Given Women*—British Columbia Board of Industrial Relations rules that when women and girls take the jobs of men who join the armed forces they are entitled to the same wages.

Congress Amends Draft Law—Senate and House agree on provisions extending service of armed forces, removing 900,000 limitation on men in training, increasing pay and permanently deferring men 28 years of age.

- 16 *New Zealand Reports Wage and Price Control*—Ministry of Industries and Commerce announces success in controlling prices since war began. Prices have risen only 5% compared with 7% in Australia and Canada and 26% in Great Britain. Effective wages have been increased 5%.

Many Get Pay Increases—Department of Labor reports that 700,000 factory workers received pay increases during period May 15–June 15. During the quarter ended June 15, 2,200,000 received increases.

- 21 *Women Urged for Men's Jobs*—Federal Security Administrator McNutt urges employment of women in defense industries in which there are shortages of male labor. A survey of 1,894 occupations in 21 key defense industries revealed that almost two-thirds were jobs in which women could be successfully employed.

- 23 *President Takes Over Shipbuilding Plant*—By executive order President authorizes Secretary of Navy to take over and operate the struck plant of the Federal Shipbuilding and Dry Dock Company at Kearny, New Jersey, in order to stop delay on naval construction.

Selective Service Plans Job Recovery—Director of Selective Service instructs local draft boards to be ready to see that soldiers who are released from active duty will get their jobs as promised and that they assist those honorably discharged in securing re-entry into industry.

- 24 *Huge Total on Federal Payroll*—According to Census Bureau, about 5,333,000 persons were employed by federal, state, county and local governments in January, 1941. The payroll for this vast number amounted in January to \$621,000,000. Approximately 3,225,000 of these workers were employed by state and local governments, the remainder being federal employees.

- 25 *Uniform Contract Won*—As a result of protracted labor dispute beginning on July 9, 67 San Francisco restaurants secure uniform city-wide contract with culinary workers to end system whereby unions exerted pressure on employers singly.

Health Insurance in Union Pact—Agreement imposing on employer the obligation to provide health insurance for his workers was adopted between Philadelphia Waist and Dress Manufacturers' Association and Inter-

August

national Ladies' Garment Workers' Union. Union officials stated that this is first time such a clause has been written into a union contract.

- 26 *Navy Takes Over Shipyard*—With 97% of regular force returning to work, Department of the Navy takes over operation of Federal Shipbuilding and Dry Dock Company. Business men in Kearny estimate that cities of northern New Jersey and parts of New York City took a loss of nearly \$1,000,000 in trade during the two-and-a-half-week strike of the 16,000 workers.

Smith Leaves Labor Board—The six-year term of Edwin S. Smith as member of the National Labor Relations Board ends. He is last of original members.

Strikes Increase Five-Fold—United States Department of Labor announces strikes during first seven months of 1941 cost 15,750,000 man days of work, five times the amount in the corresponding period of 1940, and 44% above the average for the corresponding months of the five-year period 1935 through 1939. During this seven-month period there were 2,505 strikes, involving 1,327,000 workers.

- 28 *First Closed Shop in Furniture Industry*—Said to be the first instance of the closed shop in the furniture industry, Ypsilanti Reed Furniture Company signs one-year contract providing for closed shop, in addition to wage increase, eight-hour working day, time and a half for overtime and double time for holidays.

Pension Increase Recommended—Senator Downey (Calif.) introduces bill to provide a minimum of \$30 per month for all persons past sixty who are not gainfully employed. Proposal estimated to cost from \$3 billion to \$4 billion in pension payments.

September

- 2 *Municipal Collective Bargaining Held Improper*—National Institute of Municipal Law Officers announces results of survey covering city attorneys in 385 cities regarding status of municipal collective bargaining. Not one expressed an opinion that a collective bargaining agreement could be lawfully entered into by a municipality. A closed-shop provision in particular was held to discriminate among citizens in violation of federal and state constitutions.

- 5 *Railway Controversy Goes to President*—Announcing its inability to reach a mutually satisfactory basis for settling the railroad controversy, the National Railway Mediation Board in effect refers the dispute to the President, who normally will appoint a special board to mediate further. Meanwhile, fourteen non-operating unions announce that they have set September 11 for a strike, and the Big Five operating brotherhoods say they will shortly set strike date.

- 6 *Discrimination in Federal Jobs Banned*—In letter to heads of all departments and independent establishments of the government, the President requires that immediate steps be taken to assure that the doors of employment in the federal service are open to all loyal and qualified workers regardless of creed, race or national origin.